

World Broiler Overview

Total Broiler Meat Trade Forecast to Rebound in 2003

World Trade: Total broiler meat exports in 2003 for major exporting countries are forecast to return to record levels at 5.6 million tons, a 4-percent increase from the 2002 estimate. The top 4 exporting countries, the United States, Brazil, the EU, and Thailand, are expected to dominate export markets due mainly to availability of supplies, price competitiveness, and for the EU, increased subsidies. For 2003, broiler meat imports for major countries are forecast at 4.5 million tons, a 2-percent increase from the 2002 estimate. China, the EU, Japan, Mexico, Russia, and Saudi Arabia are expected to account for more than 80 percent of imports.

Key Exporters:

- **United States:** Broiler meat exports for 2003 are forecast at 2.47 million tons, a 12-percent increase from the 2002 estimate, and approaching the 2001 record level. The expected increase in exports is largely attributed to the recent agreement on export certification with Russia, the largest market for U.S. poultry. Gains in exports to key markets in Asia and the Americas are expected as strong demand by the food service industry continues. In addition, Mexico's scheduled elimination of tariffs and tariff-rate quotas under NAFTA will likely improve opportunities for U.S. broiler meat exports.
- **Brazil:** Broiler meat exports for 2003 are forecast at 1.3 million tons, a nearly 7-percent decrease from the 2002 estimate. The decrease in exports is mainly attributed to domestic and overseas market developments. In spite of continued gains in 2003, the rate of production growth is expected to be slower largely because of the devaluation in Brazil's currency and tight domestic corn supplies, which have increased input costs. Demand in the home market continues to strengthen as broiler meat is seen as a low cost alternative to other meat protein sources. Developments in Saudi Arabia and the EU, the two largest markets for Brazilian broiler products, will likely impact Brazil's broiler meat exports. Saudi Arabia alleges excessive water content in Brazilian products, while the EU has imposed a higher duty on frozen poultry product. These two markets each accounted for 20 percent of Brazil's total broiler exports in 2001.
- **European Union:** Broiler meat exports for 2003 are forecast at 695,000 tons, nearly a 4-percent increase from the 2002 estimate. The increase in exports is attributed to greater access to Central and Eastern European countries (CEECs: Poland, Hungary, the Czech Republic, Romania, Bulgaria, Slovakia, Slovenia, Estonia, Latvia, and Lithuania) and larger export refunds for other markets. EU broiler meat exports will gain greater access to CEECs under the double-zero agreement, which eliminates tariffs and prohibits the use of export refunds. In 2001, about 14 percent of the EU's total broiler meat exports were destined to CEECs, compared to 10 percent in 2000. Furthermore, increased export refunds on poultry for 2003 will improve EU's price

competitiveness in the Middle East and Russia, key markets for whole birds and parts, accounting for 40 percent of EU's broiler exports in 2001. In its 2003 preliminary budget, the EU allocated 80 million euros (\$79 million), a 45-percent increase from 2002, for poultry export restitutions. The EU is allowed to subsidize up to 286,000 tons of poultry exports per year under its WTO commitment.

- **Thailand:** Broiler meat exports for 2003 are forecast to increase 5 percent from the estimated 2002 level to 435,000 tons, due mainly to its competitive prices in Japan and the EU, the two largest markets for Thai broiler meat. Thailand supplies primarily value-added parts (semi-cooked and cooked products) to Japan, while it exports frozen parts to the EU. In response to the EU's detection of a veterinary drug (nitrofurantoin) in frozen products in March 2002, Thailand banned the use of the drug and its derivatives in production, and continues to improve testing facilities.

Key Importers:

- **China:** Broiler meat imports for 2003 are expected to decrease nearly 8 percent from the 2002 estimate to 350,000 tons, as an increase in production supports gains in consumption. This forecast excludes China's imports of chicken paws/feet. Chicken paws/feet imports were removed from the supply and distribution data series (1997 to date) to more accurately measure the size of muscle meat demand. China's broiler meat and paw imports are attached to the China Country Page. The page can be accessed at <http://www.fas.usda.gov/dlp/countrypages/china.html>.
- **European Union:** Broiler meat imports for 2003 are expected to increase 9 percent from the 2002 estimate to 600,000 tons, due mainly to increased imports from Central and Eastern European countries (CEECs) under double zero agreements, as well as from Brazil and Thailand. Imports from CEECs are expected to rise as trade becomes more liberalized. In an effort to control poultry imports from Brazil and Thailand, the EU Commission in June 2002 reclassified lightly salted poultry product from a frozen salted product to simply a frozen product. It argued that the product was primarily a frozen product before being salted, thus allowing the EU to impose a higher duty. Frozen poultry meat has a 30-percent duty, compared with a 15-percent duty on salted poultry meat.
- **Japan:** Broiler meat imports for 2003 are forecast at 700,000 tons, down nearly 7 percent from the 2002 level due mainly to rising stocks. Stocks (mainly frozen broilers) in June 2002 were reportedly up 31 percent to 116,000 tons from the corresponding period last year. However, imports of further processed products are expected to rise due to strengthening demand in the retail and food service sectors and competitive prices from Thailand and China.
- **Mexico:** Broiler meat imports in 2003 are expected to increase 14 percent from the revised 2002 import level to 290,000 tons supported by expansion in the food service industry. Mexico's NAFTA commitment should also contribute to larger imports. Effective January 2003, Mexico is committed to eliminating tariffs and tariff-rate

quotas on poultry, thereby providing greater opportunities for U.S. broiler meat exports. The United States is the largest supplier of broiler meat to Mexico.

- **Russia:** Broiler meat imports are expected to increase 7 percent from the revised 2002 level to a new record at 1.3 million tons in 2003 due mainly to strong demand. Rising production due to favorable grain harvests and increased investment in the poultry sector supports consumption gains in the short-term. Despite an extended trade dispute over certification of imports from the United States, Russia's broiler meat imports from the world for 2002 are projected to reach 1.22 million tons, only 5 percent below the 2001 record level as other countries have expanded exports to Russia.
- **Saudi Arabia:** Broiler meat imports in 2003 are forecast to decrease slightly to 385,000 tons as growth in production exceeds the forecast in consumption gains. Imports are expected to remain relatively constant due to competitive prices compared to domestically produced products.

U.S. Broiler Exports Forecast to Rebound in 2003

